

Message Text

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ORIGIN EA-09

INFO OCT-01 EUR-12 IO-13 ISO-00 SIG-01 CIAE-00 DODE-00
PM-04 H-01 INR-07 L-03 NSAE-00 NSC-05 PA-01
PRS-01 SP-02 SS-15 USIA-06 AID-05 COME-00 EB-07
FRB-03 TRSE-00 XMB-02 OPIC-03 LAB-04 EPG-02
SIL-01 OMB-01 AGRE-00 /109 R

DRAFTED BY EA/EP:MHENDERSON:SJP
APPROVED BY EA/EP:AGEBER
EB:PBOEKER
A/J:NPLATT
EA:EHEGINBOTHAM
-----077046 152139Z /62

P R 152027Z JUL 77
FM SECSTATE WASHDC
TO AMEMBASSY TOKYO PRIORITY
INFO AMEMBASSY BANGKOK
AMEMBASSY BRUSSELS
AMEMBASSY CANBERRA
USMISSION GENEVA
AMEMBASSY JAKARTA
AMEMBASSY SINGAPORE
AMEMBASSY KUALA LUMPUR
AMEMBASSY MANILA
AMEMBASSY OTTAWA
AMEMBASSY PARIS
AMEMBASSY WELLINGTON
CINCPAC

C O N F I D E N T I A L STATE 165551

BRUSSELS ALSO FOR USEC; PARIS ALSO FOR OECD

E.O. 11652: GDS

TAGS: ETRD, EAID, ASEAN
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SUBJECT: JAPANESE/ASEAN LOME-TYPE ARRANGEMENT

REFS: A) STATE 163288; B) TOKYO 10563

1. WE APPRECIATE EMBASSY'S COMMENTS REGARDING JAPANESE
THINKING ON STABEX-LIKE PROPOSAL. FOLLOWING ARE OUR

COMMENTS WHICH EMBASSY MAY WISH TO DRAW ON IN DISCUSSIONS WITH JAPANESE OFFICIALS.

2. WE ARE INTERESTED IN LEARNING MORE ABOUT THE MOFA'S STABEX PROPOSAL.

3. WE FIND IT HARD TO CONCEIVE OF ASEAN PRODUCTS OF SIGNIFICANT EXPORT VALUE IN WHICH DISCUSSIONS ARE NOT TAKING PLACE OR SCHEDULED TO TAKE PLACE.

4. WE BELIEVE A SCHEME THAT EXCLUDES COMMODITIES CURRENTLY BEING DISCUSSED WOULD BE TOO LIMITED TO SATISFY ASEAN AND WOULD BRING PRESSURE ON JAPAN TO EXPAND THE LIST. JAPAN MIGHT OFFER ASEAN GREATER BENEFITS THROUGH EXPANDING ITS TROPICAL PRODUCTS OR GSP OFFERS.

5. WE ALSO QUESTION THE NEED FOR A STABEX SCHEME GIVEN THE LOW USAGE OF IMF COMPENSATORY FINANCING FOR ASEAN AS A WHOLE: 151.8 MILLION SDR OUT OF POTENTIAL ELIGIBILITY OF 579 MILLION SDR.

6. WE ARE CONCERNED ABOUT CONGRESSIONAL PERCEPTION OF EVEN A LIMITED REGIONAL SCHEME SUCH AS STABEX; IT MAY BE CONSTRUED AS A SPECIAL RELATION WHICH WOULD MAKE OUR TASK TO GET LEGISLATION SUPPORT FOR OUR GLOBAL POLICIES IN FIELD OF COMMODITIES, TRADE AND AID MORE DIFFICULT. THIS
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WOULD BE PARTICULARLY TROUBLESOME IF A REGIONAL SCHEME APPEARED TO ENTAIL SOME QUID PRO QUO, E.G. IN TERMS OF SECURITY OF SUPPLY.

7. THE G-8 AGREED TO THE FOLLOWING AT CIEC: QUOTE. THE PARTICIPANTS RECOGNIZED THE IMPORTANCE OF EFFECTIVE INTERNATIONAL ACTION TO OFFSET THE ADVERSE EFFECTS ON DEVELOPING COUNTRIES OF EXCESSIVE FLUCTUATIONS IN EXPORT EARNINGS, INCLUDING IN PARTICULAR EARNINGS FROM EXPORTS OF PRIMARY COMMODITIES. THEY AGREED THAT AN INTERNATIONAL STUDY WAS REQUIRED IN THE AREA OF EXPORT EARNINGS STABILIZATION TO ASSESS THE PRECISE PROBLEMS OF DEVELOPING COUNTRIES AND THE MOST APPROPRIATE FORM OF INTERNATIONAL RESPONSE TO THESE. THEY CONSIDERED THAT THE NECESSARY WORK SHOULD BE SET IN HAND AS A MATTER OF URGENCY WITHIN THE IMF/IBRD DEVELOPMENT COMMITTEE AND THAT ACCOUNT SHOULD BE TAKEN OF ALL RELEVANT ECONOMIC AND INSTITUTIONAL ASPECTS. UNQUOTE. WE CONTINUE TO SUPPORT THIS STATEMENT AND BELIEVE THAT THIS LINE OF ACTION SHOULD BE PURSUED BEFORE COUNTRIES INITIATE THEIR SPECIAL ECONOMIC PROGRAMS.

8. IF JAPAN WISHES TO HELP ASEAN IN TIMES OF DECREASED
EXPORT EARNINGS, IN OUR VIEW A PREFERABLE METHOD IS TO
AUGMENT BALANCE OF PAYMENTS FINANCING, AND IN PROPORTION
TO DECLINES IN OVERALL EXPORT EARNINGS, NOT JUST
COMMODITY EXPORTS.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, RELATIONS WITH REGIONAL ORGS, STABEX, PROPOSALS (BID)
Control Number: n/a
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Sent Date: 15-Jul-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE165551
Document Source: CORE
Document Unique ID: 00
Drafter: MHENDERSON:SJP
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770253-0038
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
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Legacy Key: link1977/newtext/t19770752/aaaabsli.tel
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Litigation Code IDs:
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Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 9638c06a-c288-dd11-92da-001cc4696bcc
Office: ORIGIN EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 77 STATE 163288, 77 TOKYO 10563
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 22-Dec-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1845235
Secure: OPEN
Status: NATIVE
Subject: JAPANESE/ASEAN LOME-TYPE ARRANGEMENT
TAGS: ETRD, EAID, JA, ASEAN
To: TOKYO
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/9638c06a-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009